



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

Michael O. Leavitt  
Governor

Lowell P. Braxton  
Division Director

June 29, 1998

CERTIFIED RETURN RECEIPT  
P 074 976 650

Ron Day  
Rancho Equipment Services  
5626 North 3000 West  
Delta, Utah 84624-7050

Re: Formal Approval of Form and Amount of Replacement Reclamation Surety, Rancho Equipment Services (Meadow Valley Contractors, Inc.), Topaz Valley Limestone Quarry, M/023/022, Juab County, Utah

Dear Mr. Day:

Thank you for submitting the new Reclamation Contract form which will replace the current Reclamation Contract dated December 29, 1994. The new contract was required because United States Fidelity and Guaranty Company cancelled the existing \$30,300 surety bond. The replacement reclamation surety was updated to reflect current dollars and escalated five years to the year 2003. The new \$40,900 replacement surety is in the form of a surety bond (#197594) issued by The Insurance Company of the State of Pennsylvania. On June 26, 1998, the Division Director formally approved the form and amount of replacement reclamation surety for Rancho Equipment Services / Meadow Valley Contractors, Inc.'s Topaz Valley Limestone Quarry.

Enclosed please find copies of the fully signed and executed Reclamation Contract and surety bond forms for your files. Also enclosed are the original Reclamation Contract with the effective date of December 29, 1994; the original surety bond #K03547073 issued by Insurance Company of North America (dated August 1994); and the more recent original surety bond #40013035407961 issued by United States Fidelity and Guaranty Company (dated June 1996) for your disposal or return to the respective surety companies.

Thank you for your help in finalizing this permitting action. Please call me or Tom Munson of my staff if you have any questions in this regard.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb

cc: Kenneth D. Nelson, Meadow Valley Contractors

Enclosure

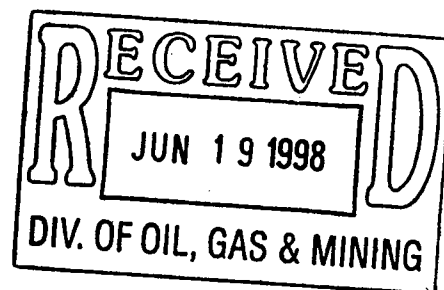
M023022.apv

File Number M/023/022  
Effective Date June 26, 1998

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/023/022  
(Mineral Mined) Limestone

"MINE LOCATION":  
(Name of Mine) Topaz Valley Limestone Quarry  
(Description) Approx. 40 Miles Northwest of  
Delta, Utah. Mine located in  
Juab County, Utah

"DISTURBED AREA":  
(Disturbed Acres) 15.8  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) Meadow Valley Contractors, Inc.  
(Address and Phone) 4411 South 40th Street Suite D11  
P.O. Box 60726  
Phoenix, Arizona 50082  
(602) 437-5400

and

Rancho Equipment Services  
5626 North 3000 West  
Delta, Utah 84624-7050  
(435) 864-3971

"OPERATOR'S REGISTERED AGENT":

(Name)

Ron Day (Rancho Equipment Services)

(Address)

5626 North 3000 West

Delta, Utah 84624-7050

(Phone)

(435) 864-3971

"OPERATOR'S OFFICER(S)":

Brad Larson - President (Meadow Valley)

Kenneth D. Nelson - Vice President

Julie Bergo - Secretary/Treasurer

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

The Insurance Company of the State of  
Pennsylvania

"SURETY AMOUNT":

(Escalated Dollars)

\$40,900

"ESCALATION YEAR":

2003

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Meadow Valley Contractors, Inc. and Rancho Equipment Services the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/023/022 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated April 30, 1991, and the original Reclamation Plan dated November 18, 1991. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. The Division shall hold Meadow Valley Contractors and Rancho Equipment Services jointly and severably liable for reclamation of the disturbed area.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the

Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Meadow Valley Contractors, Inc.  
Operator Name

By Kenneth D. Nelson, Vice President  
Corporate Officer - Position

6-12-98  
Date

Kenneth D. Nelson  
Signature

STATE OF Arizona )  
COUNTY OF Maricopa ) ss:

On the 12<sup>th</sup> day of June, 1998, personally appeared  
before me Kenneth D. Nelson who being by me duly  
sworn did say that he/she, the said Kenneth D. Nelson  
is the Vice President of Meadow Valley Contractors, Inc.  
and duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
Kenneth D. Nelson duly acknowledged to me that said  
company executed the same.

Dorinda M. Burton  
Notary Public  
Residing at: Maricopa County, Arizona

MY COMMISSION EXPIRES MAY 31, 2000

My Commission Expires:

OPERATOR:

Rancho Equipment Services

Operator Name

By Robert B. Thomas, Vice President  
Corporate Officer - Position

6/17/98

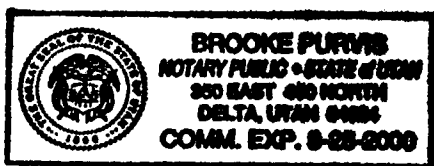
Date

Robert B. Thomas

Signature

STATE OF Utah )  
 ) ss:  
COUNTY OF Millard )

On the 17<sup>th</sup> day of June, 19 98, personally  
appeared before me Robert B. Thomas who being by  
me duly sworn did say that he/she, the said Robert B. Thomas  
is the Vice President of Rancho Equipment Services  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
Robert B. Thomas duly acknowledged to me that said  
company executed the same.

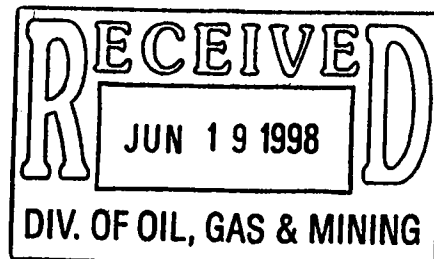


Brooke Purvis

Notary Public

Residing at: Millard County, Utah

My Commission Does Not Expire:



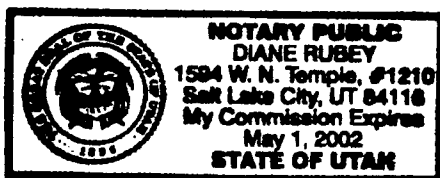
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton  
Lowell P. Braxton, Acting Director

6/26/98  
Date

STATE OF Utah )  
 ) ss:  
COUNTY OF Salt Lake )

On the 26th day of June, 19 98, personally  
appeared before me Lowell P. Braxton, who being  
duly sworn did say that he/~~she~~, the said Lowell P. Braxton  
is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural  
Resources, State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~  
executed the foregoing document by authority of law on behalf of the State of  
Utah.



Diane Rubey  
Notary Public  
Residing at: Salt Lake City, Utah

My Commission Expires: May 1, 2002



**ATTACHMENT "A"**

Meadow Valley Contractors, Inc. and Rancho Equipment Services  
Operator

Topaz Valley Limestone Quarry M/023/022  
Mine Name Permit Number

Juab County Utah

**The legal description of lands to be disturbed is:**

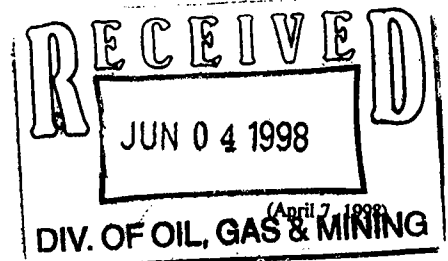
SE1/4 - SW1/4 and SW1/4 - SE1/4 of Section 21

Township 13 South, Range 11 West

SLBM, Juab County, Utah

ATTACHMENT B

MR FORM 6  
Joint Agency Surety Form



Bond Number \_\_\_\_\_  
Permit Number M/023/022  
Mine Name LIMESTONE QUARRY

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291  
Fax: (801) 359-3940

THE MINED LAND RECLAMATION ACT

SURETY BOND

\*\*\*\*\*

The undersigned MEADOW VALLEY CONTRACTORS, INC. as Principal, and The Insurance Company of the State of \*as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining, and the BUREAU OF LAND MANAGEMENT, in the penal sum of Forth Thousand Nine Hundred and No/0000000 dollars (\$ 40,900.00 ----- ).

\*Pennsylvania

Principal has estimated in the Mining and Reclamation Plan approved by the Division of Oil, Gas and Mining on the 12 day of April, 1994, that 15.8 acres of land will be disturbed by this mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by the Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Date: 6-1-98

MEADOW VALLEY CONTRACTORS, INC.

Principal (Permittee)

By (Name typed): KENNETH D. NELSON

Title: VICE PRESIDENT

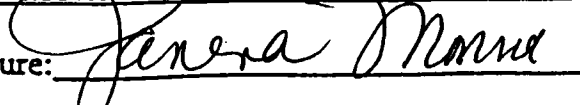
Signature: 

Date: 5/27/98

The Insurance Company of the State of Pennsylvania  
Surety

By: (Name Typed) Janina Monroe

Title: ATTORNEY-IN-FACT

Signature: 

SO AGREED this 26 day of June, 19 98.

Lowell P Braxton  
Lowell P. Braxton, Acting Director  
Utah State Division of Oil, Gas and Mining

\*NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Principal is a corporation, the bond shall be executed by its duly authorized officer.

### AFFIDAVIT OF QUALIFICATION

Janina Monroe, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) AGENT of said Surety, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations.

Signed: *Janina Monroe*  
Surety Officer  
Title: Janina Monroe, ATTORNEY-IN-FACT

Subscribed and sworn to before me this 27th day of May, 19 98.

*Jeri Sumner*  
Notary Public  
Residing at: \_\_\_\_\_

My Commission Expires:



July 31st, 19 98.

**The Insurance Company of the State of Pennsylvania**

Principal Bond Office: 175 Water Street, New York, N.Y. 10038

**POWER OF ATTORNEY**

No. 05-B-34295

**KNOW ALL MEN BY THESE PRESENTS:**

That The Insurance Company of the State of Pennsylvania, a Pennsylvania corporation, does hereby appoint

—Mike Parizino, James W. Moilanen, Robert M. Minot, Janina Monroe, Lourdes Landa, Sheila K. McDonald, Jeri Sumner, Patricia H. Brebner: of Santa Ana, California—

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business, and to bind the company thereby.

IN WITNESS WHEREOF, The Insurance Company of the State of Pennsylvania has executed these presents



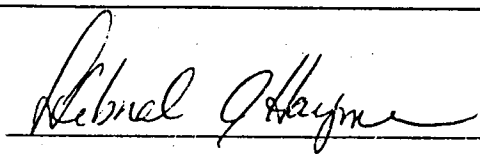
this 15th day of January, 1998.

  
Lawrence W. Carlstrom, Vice President

STATE OF NEW YORK }  
COUNTY OF NEW YORK)ss.

On this 15th day of January, 1998 before me came the above named officer of The Insurance Company of the State of Pennsylvania, to me personally known to be the individual and officer described herein, and acknowledged that he executed the foregoing instrument and affixed the seal of said corporation thereto by authority of his office.

DEBORAH A. HAYMAN  
Notary Public, State of New York  
No. 01HASC81428  
Qualified in Suffolk County  
Commission Expires June 30, 1998



**CERTIFICATE**

Excerpts of Resolution adopted by the Board of Directors of The Insurance Company of the State of Pennsylvania, on May 18, 1976:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

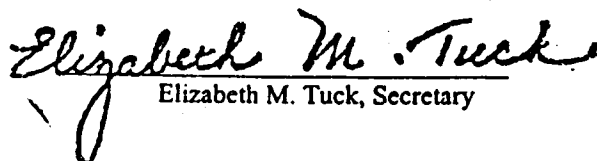
"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

I, Elizabeth M. Tuck, Secretary of The Insurance Company of the State of Pennsylvania, do hereby certify that the foregoing excerpts of Resolution adopted by the Board of Directors of this corporation, and the Power of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Power of Attorney are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of the corporation



this 27th day of May, 1998.

  
Elizabeth M. Tuck, Secretary

m/023/022  
bond file

**UNITED STATES FIDELITY AND GUARANTY COMPANY**  
BALTIMORE, MARYLAND

**NOTICE OF CANCELLATION**

January 13, 1998

State of Utah - Department of Natural Resources  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

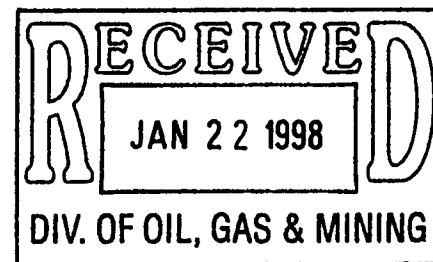
You are hereby notified that the bond or policy described below is hereby canceled  
in accordance with its terms and conditions.

Said cancellation is effective as of June 7, 1998.

**Bond Number:** \_\_\_\_\_

**Principal (Surety) or Insured (Fidelity) and Address:**

Meadow Valley Contractors, Inc.  
P.O. Box 121  
Moapa, NV 89025-0121



**Obligee (Surety) and/or Kind of Bond or Policy:**

State of Utah - Department of Natural Resources - Mined Land Reclamation Bond

**Agent Name and Address:**

Willis Corroon of O.C. Insurance Service  
1551 North Tustin Ave., #1000  
Santa Ana, CA 92705

**Premium Period:** 6/07/97 to 6/07/98

**Reason:** Principal no longer placed with USF&G - Surety.

UNITED STATES FIDELITY AND GUARANTY COMPANY  
3230 E. Imperial Highway, Suite 116  
Brea, CA 92622

By Leigh Christiansen Attorney-in-Fact  
Leigh Christiansen